NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE W/ OPTION v.3

PAID UP OIL AND GAS LEASE (No Surface Use)

day of March

provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described

land, hereinafter called leased premises:

7.41 ACRES OF LAND, MORE OR LESS, BEING LOT(S) A, BLOCK(S) 9, OUT OF THE BILLY CREEK ESTATES, AN ADDITION TO THE CITY OF HURST, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME 388 - 82, PAGE 38 OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS.

in the county of TARRANT, State of TEXAS, containing 7.41 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, tprescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/scismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the abo small strips or parcels of land now or bereefter eevered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent

(25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production there from is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production there from is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production there from is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors,

which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder. Lesser shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive

5. Except as provided for in Paragraph 3, above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other

The peoling authority exists unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. Ex under Lessee shall file of re gold b

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or

until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferse to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery. Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of reads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, networkstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements and materials, including well-sealed premises or such other lands during the term of this lease or within a reasonable time thereoffer.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bane fide effer which Lessor is willing to accept from any party efforing to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessoe in writing of said offer immediately, bestuding in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 35 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be ferfolted or consoled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default only lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessoe, its successors and assigns, a perpetual subsurface well bore easement under and through the teased premises for the placement of well bores (along routes selected by Lessoe) from all or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises of lands pooled therewith and from which Lessor shall have no right to royalty or other borefits. Such subsurface well bere easements shall true with the land and surface are represented by Lesson shall be appeared to the lease of the lands are supplied to the land and surface of the lands are supplied to the land and surface of the lands are supplied to the land and surface of the lands are supplied to the land and which are not intended to develop the lease of the lands are supplied to the lands ar

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16. Lessee hereby warrants and agrees to defend title serveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes mortgages or liens existing, levted or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subregated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse tiself out of any mortities or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim incompistent with Lessor's title, Lessee may suspend the payment of royalties and shut in royalties hereunder, without interest, until

16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other operations.

17. Lessor, and their successors and assigns, hereby grants Lessee an option to extend the primary term of this lease for an additional period of $\underline{\text{Two}}$ (2) years from the end of the primary term by paying or tendering to Lessor prior to the end of the primary term the same as per net mineral acre bonus consideration, terms and conditions as granted for this lease.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

ADDITIONAL PROVISIONS FOR THIS LEASE ARE FOUND ON EXHIBIT "A" ATTACHED HERTO AND BY REFERENCE MADE APART HEREOF

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

Signature: Amyr A. Tim	Signature:	_
Printed Name: James N. Summers	Printed Name:	
Tille: President	Title:	
STATE OF TEXAS	SMENT	
COUNTY OF TARRANT This instrument was acknowledged before me on the day of Mara President of Misada. Inc. The General Vartner of Polaris, Ltd., a Texas Limited Partnershipson		É
MY COMMISSION EXPIRES Notary's	Public, State of Texas s name (printed): s commission expires:	
June 20, 2011 Notary's		
CORPORATE ACKNOWLEDG	GMENT	
"MRAIL"		á

Notary Public, State of Texas Notary's name (printed): Notary's commission expires:

EXHIBIT "A" TO PAID UP OIL AND GAS LEASE Between Polaris, Ltd., a Texas Limited Partnership (Lessor) and Dale Property Services, LLC (Lessee)

EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MAD APART HEREOF

Notwithstanding any of the provisions contained in the Paid Up Oil and Gas Lease to which this Exhibit is attached, the following provisions shall apply:

- 17. The "Minerals". This lease shall be limited to oil, gas and other liquid or gaseous hydrocarbons produced through the well bore, only, with oil and gas. All references in this lease to "other minerals" or "other substances" are hereby deleted.
- 18. No Warranty of Title. Lessor makes no warranty of any kind with respect to title to the surface or mineral estate in the leased premises or any portion of or interest therein, whether express, implied, at law, or in equity. All warranties that might arise by common law or statute, including but not limited to Section 5.023 of the Texas Property Code (or its successor), are excluded. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the leased premises. Lessee assumes all risk of title failures. Lessee, at its option, may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in the event Lessee does so, shall be subrogated to any such lien with the right to enforce same and apply rentals and royalties accruing hereunder towards satisfying the same.
- 19. Royalty. The royalties to be paid by Lessee are: (a) on oil, 25% of the market value at the point of sale of all oil produced and sold from the lands covered by this lease; or, at Lessor's option, 25% of the oil produced and saved in kind to be delivered to Lessor at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substances produced from said land or sold or used off the premises or for the extraction of gasoline or other products therefrom, the greater of: (i) 25% of the "market value" of the gas at the well or (2) 25% of the amount realized by Lessee on the sale of the gas calculated at the point of delivery without deducting Lessor's share of processing or transportation. Lessor's royalty shall be calculated free and clear of all costs, expenses and deductions for exploration, drilling, development, production, treatment, transportation and marketing including but not limited to costs of dehydration, storage, compression, separation by mechanical means, and stabilization of hydrocarbons at the well; but said royalty shall bear its proportionate share of severance and other taxes based upon the production.
- 20. Shut In. A gas well that has been drilled but not fraced shall be deemed incapable of producing in paying quantities. The shut-in royalty shall be \$50.00 per acre covered by this lease. After expiration of the primary term, this lease may not be maintained by the payment of shut-in royalty for more than two (2) cumulative years.
- 21. <u>Pooling.</u> Lessee is hereby granted the right to pool or unitize the lands covered by this lease with any other land, lease, leases, mineral estates, or parts thereof for the production of oil, gas and constituents thereof covered hereby. However, all of the acreage covered by this lease shall be included within any pooled unit. Units pooled for oil or gas shall contain no more than the minimum acreage established by field rules of the Railroad Commission of Texas, or any other regulatory agencies having jurisdiction, as being necessary to allow Lessee to obtain the maximum allowable for such well. In the absence of field rules, a unit pooled for oil or gas shall be forty (40) acres plus a tolerance of ten percent (10%) thereof. Lessee shall file a Declaration of Pooled unit in the county either before or after the completion of the well. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land described in this lease whether the well or wells be located on the land covered by this lease or not. The entire acreage pooled in the unit shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this lease. In lieu of the royalties herein provided, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the unit on an acreage basis bears to the total acreage so pooled in the particular unit involved.
- 22. <u>Assignment.</u> Lessee shall provide to Lessor copies of any assignments made by Lessee's interest in this lease within ninety (90) days of such assignment.
- 23. <u>Force Majeure</u>. In no event shall this Lease be perpetuated by an event of force majeure, the conditions as described in paragraph 11 of this Lease, for a period of more than one (1) consecutive year or three (3) years of cumulative time.
- 24. <u>Indemnity</u>. Lessee, its successors and assigns, agree to indemnify and hold harmless and defend Lessor, its successors and assigns, agents and employees from and against all suits, claims, demands and causes of action including attorncy's fees and court costs that may be at any time brought or made by any person, corporation or other entity including, but not limited to, employees of Lessee, arising out of or in any way connected with Lessee's activities, operations, equipment or facilities on or off of the leased premises covered by this lease. It is further agreed that if any suit, claim, demand or cause of action is brought or arises which is or might be covered by this indemnification provision, the party hereto who first receives notice thereof will immediately notify the other party hereto.
- 25. <u>Waiver of Surface Use.</u> Lessee shall not enter upon the surface of, cross over, place any structure or building upon or conduct any operations (including but not limited to drilling, roads, drilling pads, pipelines, production equipment, flowlines, and geophysical/seismic operations) on the leased premises or within six hundred fect of the leased premises. Lessee shall only develop the leased premises by pooling, as provided herein, or by directional or horizontal drilling commenced from a surface location on other lands. Notwithstanding the foregoing, the bore of a well drilled for oil and gas purposes may cross or be bottomed under the leased premises is such bore is at least one thousand feet below the surface.
- 26. Top Leasing Permitted. There shall be no prohibition on top leasing.
- 27. <u>Subordination Agreement.</u> Neither Lessee nor Lessee's assigns shall ever require a subordination, partial release of lien, release of lien, consent or other documentation from any lender of Lessor that has a lien on said land as a condition to Lessor receiving the agreed signing bonus or any subsequent royalty payment. However, Lessor will cooperate with any reasonable effort of Lessee to obtain same from Lessor's lender on behalf of Lessor.

All

LESSOR:	By: Misqua, Inc., its General Partner
	By: Jumes M. Jume
	Printed Name: James N. Summers
	Title: President
LESSEE:	DALE PROPERTY SERVICES, LLC
	By: And Z
	Printed Name: Mike Taliaferro
	Title: President
STATE OF TE	·
COUNTY OF T	
This instrun	nent was acknowledged before me on this $\frac{2009}{4}$ day of $\frac{2008}{4}$ by James N. Summers as
General	of Polaris, Ltd., a Texas Limited Partnership, on behalf of saidentify
	STEPHANIE R. DRAKE MY COMMISSION EXPIRES June 20, 2011 Notary Public, State of Texas
STATE OF TE	XAS §
COUNTY OF T	
	nent was acknowledged before me on this 1th day of March, 2008 by Mike Taliaferro as President of Dale rvices, LLC, a Texas limited liability corporation on behalf of said entity.

Notary Public, State of Texas



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

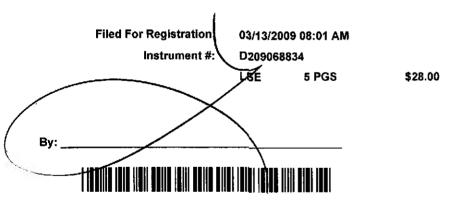
DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.



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ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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